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The Conference Board

Economic and Business Environment Program

MONTHLY UPDATE TO

International Economic Scoreboard

A Monthly Report from The Conference Board — March 1988

WORLD BUSINESS CYCLE CONTINUES ON UPGRADE BUT SIGNALS POINT TO SLOWDOWN —Europe's Leaders Treading Water

SUMMARY

Worldwide, the economic expansion is continuing, with growth rates averaging about 5 percent annually in the economic performance indexes. In every country the growth rates were positive at the turn of the year. But the leading indicators have slowed in all countries.

Regionally, the Pacific area is where growth prospects are best. Europe is treading water, while North America's leading indicators are down but not out.

Nationally, the contest for first place among the fastest running leading indexes is between Japan, South Korea and Taiwan. In those countries the October stock market crash seems to have been forgotten.

Interpretation: In all the countries except Canada and Japan, the leading index growth rates are lower than they were at the beginning of 1987, suggesting that slower economic growth in 1988 than in 1987 is in prospect. But there is not sufficient weakness in any country to say that a recession—a protracted decline in output and employment—is likely.

Summary Of Growth Rates, Ten Industrial Countries

	Ten-year Growth Rate	Indexes of Economic Performance Growth Rates*			Leading Business Cycle Indexes Growth Rates*			Current Reading on the Cycle	Latest Month Covered
	1976-86	6 mos. ago	3 mos. ago	Latest month	6 mos. ago	3 mos. ago	Latest month		
	annual rates, percent								
Ten countries	3	4	5	5	15	14	6	Expansion continuing	Dec.
9 countries excl. U.S.	3	4	5	5	18	17	9	Expansion continuing	Dec.
North America (2)	3	3	4	5	10	9	3	Expansion continuing	Dec.
Europe (4)	2	3	4	3	5	5	0	Expansion continuing, leaders weak	Dec.
Pacific Region (4)	4	4	6	7	39	37	20	Expansion continuing, leaders strong	Dec.
United States	3	4	5	4	9	6	2	Expansion continuing, leaders stalling	Jan.
Canada	3	6	6	7	5	8	5	Expansion continuing	Dec.
West Germany	2	3	3	3	5	5	-1	Expansion continuing, leaders weak	Dec.
France	2	5	5	5	6	3	-2	Expansion continuing, leaders weak	Dec./Jan.
United Kingdom	2	5	6	7	5	5	1	Expansion continuing, leaders weak	Dec.
Italy	2	2	1	4	4	1	0	Expansion continuing, leaders weak	Oct./Dec.
Japan	4	3	5	7	45	42	23	Expansion continuing, leaders strong	Dec.
Australia	3	7	5	5	12	11	2	Expansion continuing, leaders stalling	Jan./Dec.
Taiwan, R.O.C.	8	12	10	3	14	18	9	Expansion continuing	Jan.
Korea, R.O.K.	7	11	12	17	15	16	10	Expansion continuing, leaders strong	Jan./Dec.

* Ratio of current month's index to average index over the preceding 12 months, expressed as a compound annual rate.

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INDEXES, WORLDWIDE AND BY REGION, 1986-87

		10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (4)	
		Indexes, 1980 = 100									
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
May	86	113	118	114	115	113	120	107	113	125	119
June	86	114	118	114	115	113	121	107	113	125	119
July	86	114	118	114	115	113	122	108	113	125	119
Aug.	86	114	118	115	115	113	122	108	113	125	119
Sept.	86	114	119	115	116	114	122	108	113	126	122
Oct.	86	114	119	115	117	114	122	108	114	126	124
Nov.	86	115	119	116	118	114	121	109	114	126	126
Dec.	86	115	121	116	119	115	124	109	114	127	128
Jan.	87	115	122	116	120	114	124	109	115	128	130
Feb.	87	116	124	117	121	116	127	109	116	128	131
Mar.	87	116	125	117	123	116	127	109	116	128	136
Apr.	87	116	127	117	126	116	128	110	117	128	142
May	87	116	128	117	128	116	128	110	117	128	147
June	87	117	131	118	131	116	130	111	118	130	154
July	87	118	132	119	132	117	131	111	118	131	157
Aug.	87	118	134	119	134	118	132	112	118	131	162
Sept.	87	119	134	120	135	118	132	112	118	132	164
Oct.	87	120	134	120	135	119	131	113	118	133	165
Nov.	87	120	133	121	134	119	131	113	117	133	163
Dec.	87	120	133	121	134	120	131	113	117	135	164

10 Countries		9 Countries excl. U.S.		North America (2)		Europe (4)		Pacific Region (3)	
Growth Rates, Percent									
Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
3	4	4	4	3	3	4	4	3	5
3	4	4	4	2	3	4	3	4	5
3	4	4	3	3	4	4	3	3	5
3	3	3	3	2	3	4	2	3	4
3	4	4	5	2	4	4	3	4	7
3	4	3	5	2	3	4	3	3	10
3	4	3	6	2	1	3	2	3	12
3	6	3	7	3	4	3	3	4	15
3	7	3	8	2	5	2	3	5	16
3	8	3	8	3	8	3	4	4	16
3	10	3	11	3	9	3	4	4	22
3	12	3	14	3	9	3	5	3	29
3	12	3	15	3	7	3	5	2	33
4	15	4	18	3	10	3	5	4	39
4	14	4	18	4	9	4	5	5	38
4	15	4	18	4	10	4	5	4	41
5	14	5	17	4	9	4	5	6	37
5	11	5	15	5	6	5	4	6	32
5	8	5	10	5	4	4	1	6	23
5	6	5	9	5	3	3	0	7	20
Ten Year Annual Growth Rate, Percent									
3	3	3	3	3	3	2	2	4	4

INDEXES, TEN COUNTRIES, 1986-88

		U.S.		Canada		West Germany		France		U.K.		Italy		Japan		Australia		Taiwan, R.O.C.		Korea, R.O.K.	
		Indexes, 1980 = 100																			
		Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.	Perf.	Lead.
May	86	112	121	117	115	106	112	111	114	104	111	107	115	123	116	119	114	145	157	160	160
June	86	112	122	117	115	107	112	111	114	104	111	106	114	123	116	121	115	148	159	162	162
July	86	113	122	117	116	108	111	112	115	104	112	107	114	123	116	118	114	149	160	164	166
Aug.	86	113	122	117	116	108	111	112	115	104	112	106	114	123	116	119	115	150	162	167	168
Sept.	86	113	123	118	116	108	111	112	116	105	113	107	115	124	118	119	117	152	163	167	169
Oct.	86	113	123	117	116	108	111	112	116	105	113	107	116	124	121	119	118	154	165	168	169
Nov.	86	114	122	117	116	108	112	113	115	106	113	107	116	124	123	120	119	156	168	169	170
Dec.	86	114	124	118	116	108	112	113	117	106	113	107	116	125	125	120	121	158	169	170	172
Jan.	87	114	125	118	117	108	113	113	117	106	114	107	115	126	128	119	121	158	169	174	172
Feb.	87	115	127	119	118	108	114	113	117	107	115	107	116	126	128	121	123	162	174	177	181
Mar.	87	115	128	120	119	109	114	114	118	107	116	107	117	126	134	120	124	160	174	180	179
Apr.	87	115	129	121	120	110	115	114	120	108	115	108	118	125	141	121	126	163	180	179	182
May	87	115	129	121	120	109	114	115	121	108	116	108	117	125	147	122	127	163	181	180	182
June	87	116	131	122	120	110	116	116	121	109	116	107	118	127	154	123	128	165	182	182	186
July	87	117	132	122	121	110	116	116	121	110	117	107	116	128	158	124	129	168	183	183	187
Aug.	87	117	133	123	121	111	117	116	121	111	117	106	117	128	164	124	130	170	187	181	180
Sept.	87	117	133	124	123	111	116	117	122	111	118	108	117	129	165	126	131	171	192	190	185
Oct.	87	118	132	125	122	111	117	118	121	112	118	109	118	130	167	125	129	171	194	189	188
Nov.	87	118	131	125	123	111	115	118	120	112	117		116	130	165	125	127	171	192	194	188
Dec.	87	119	131	126	123	112	115	118	120	113	117		117	131	166	128	128	170	193	197	193
Jan.	88	119	132						119							126		168	193	200	
		Growth Rates, Percent																			
May	86	3	3	4	2	4	2	4	6	3	0	4	10	2	5	4	–1	9	12	16	18
June	86	2	3	3	1	6	1	4	5	3	1	2	7	3	5	6	1	9	13	16	20
July	86	3	4	2	2	6	0	4	6	3	2	3	6	2	4	0	0	12	13	17	22
Aug.	86	2	3	2	2	5	0	4	5	3	1	1	4	2	3	1	0	12	13	19	20
Sept.	86	3	4	2	2	5	0	4	6	3	3	2	5	3	7	1	4	13	12	15	18
Oct.	86	2	3	2	2	4	0	4	6	3	2	2	5	3	10	1	7	13	12	14	16
Nov.	86	2	1	1	1	4	1	3	4	4	2	2	4	2	13	1	8	13	14	13	14
Dec.	86	3	4	2	2	3	2	4	5	4	2	2	4	3	15	1	11	14	13	12	14
Jan.	87	2	5	2	3	2	2	3	4	3	4	2	2	4	18	0	10	13	12	15	11
Feb.	87	3	8	3	4	2	5	3	4	4	5	1	3	3	16	2	11	15	15	16	19
Mar.	87	3	8	4	5	2	4	3	5	4	5	1	3	3	24	1	12	11	13	16	14
Apr.	87	3	9	5	6	3	5	4	8	5	4	2	5	1	32	2	12	13	18	13	15
May	87	3	8	5	5	2	3	4	7	4	5	2	3	1	38	3	12	11	17	11	12
June	87	3	10	6	5	3	5	5	7	5	4	0	4	3	45	5	12	11	15	12	15
July	87	4	9	5	5	3	6	5	6	6	5	1	4	4	45	7	12	12	14	11	14
Aug.	87	4	10	6	5	3	6	5	6	7	5	–2	1	4	48	6	13	13	16	7	4
Sept.	87	4	9	6	8	3	5	5	6	6	5	1	1	5	42	7	11	12	20	15	19
Oct.	87	5	6	7	5	3	4	5	3	7	5	4	2	5	37	5	7	10	18	12	9
Nov.	87	4	4	7	5	3	1	5	2	7	3		–1	6	27	4	2	8	13	16	8
Dec.	87	5	3	7	5	3	–1	5	0	7	1		0	7	23	6	2	6	12	16	10
Jan.	88	4	2						–2							5		3	9	17	
		Ten Year Annual Growth Rate, Percent																			
1976-86		3	3	3	3	2	2	2	2	2	2	2	2	4	4	3	3	8	8	7	7